

## Message Text

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10

ACTION AF-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-02 RSC-01 PRS-01 SP-02 SS-15

USIA-15 EB-07 AGR-10 COME-00 TRSE-00 CU-04 /087 W

----- 104199

R 061000Z DEC 74

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 9104

UNCLAS KHARTOUM 2730

E.O. 11652: NA

TAGS: AGR ETRD EFIN SU

SUBJ: SUGAR PRICE RAISED

REF: KHARTOUM 2704

1. IN NATIONWIDE BROADCAST DEC 2, VICE PRESIDENT MUHAMMED AL-BAGHIR AHMED ANNOUNCED 87 1/2 PERCENT INCREASE ON FIXED RETAIL PRICE OF SUGAR, I.E. FROM PT8 (20 CENTS) TO PT15 (37.5 CENTS) PER POUND. CITING HIGH COST TO GOVERNMENT OF SUBSIDIES FOR SUPPORTING LOCAL SUGAR PRICE FAR BELOW WORLD LEVEL, AL BAGHIR SAID THERE NO ALTERNATIVE TO INCREASE EXCEPT CUT IN GOS DEVELOPMENT PROGRAMS. HE IMPLIED THAT PRINCIPAL OBJECTIVE OF INCREASE WAS TO REDUCE CONSUMPTION (270,000 METRIC TONS, OR 17 1/2 KG PER CAPITA, ONE OF HIGHEST IN THIRD WORLD) AND THEREBY CUT FOREIGN EXCHANGE DRAIN WHICH, IF UNCHECKED, COULD HAVE REACHED LS90 MILLION P.A. (\$225 MILLION) IN 1974/75.

2. SUDAN IS MAKING MAJOR EFFORT EXPAND LOCAL PRODUCTION (NOW 120,000 METRIC TONS) AND BECOME NET EXPORTER. IN MEANTIME, AT LEAST UNTIL 120,000-TON SENNAR FACTORY IS COMPLETED IN DEC 1975, GOS CLEARLY BANKING ON PROFITS OF LOCAL SUGAR (EST. LS30 MILLION P.A. AT NEW PRICE) TO PAY MOST OF SUBSIDY COST FOR REDUCED AMOUNT OF IMPORTED SUGAR.

3. COMMENT. AS REFTEL SUGGESTS, PRICE OF SUGAR IS SERIOUS  
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ISSUE IN COUNTRY WHERE TEA IS ALMOST INCIDENTAL TO NATIONAL

DRINK CONSUMED SEVERAL TIMES A DAY. GOVERNEMENT DECISION,  
WHILE LONG OVERDUE, IS THEREFORE POLITICALLY COURAGEOUS.  
PROBLEM, BESIDES POPULAR PRESSURES FOR COUNTERVAILLING GOVT  
ACTIONS SUCH AS WAGE INCREASES, IS WHAT TO DO IF LOCAL CON-  
SUMPTION AND WORLD SUGAR PRICE REMAIN HIGH. THIS QUESTION WILL  
NO DOUBT BE ON AGENDA OF DISCUSSION WITH IMF TEAM NOW IN SUDAN.  
BREWER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SUGAR, PRICES, FOREIGN ASSISTANCE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974KHARTO02730  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740354-0690  
**From:** KHARTOUM  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741255/aaaabuzg.tel  
**Line Count:** 68  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION AF  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** KHARTOUM 2704  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19 SEP 2002 by ReddocGW>; APPROVED <06 FEB 2003 by MorefiRH>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SUGAR PRICE RAISED  
**TAGS:** ETRD, EFIN, SU  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005